

The Utah Department of Transportation (UDOT)
Disadvantaged Business Enterprise (DBE) Program

49 CFR Part 26
PROPOSED DBE Goal Setting Calculations for FY 2008
FEDERAL HIGHWAY ADMINISTRATION (FHWA)

8.0 % Overall DBE Goal

(3.8% Race Conscious DBE Goal)
(4.2% Race Neutral Participation)

Effective Date – October 1, 2007

FEDERAL HIGHWAY ADMINISTRATION (FHWA)

UDOT DBE GOAL SETTING FOR FEDERAL FISCAL YEAR 2007 (October 1, 2007 to September 30, 2008)

Overall Goal (49 CFR 26.45)

This is the Annual Update for the Federal Fiscal year 2008 (The "amount," "method," and "breakout" portions of this section of the program shall be updated annually).

Proposed Goal

UDOT's proposed overall goal for FY2008 is **8.0%** of the Federal Highway Administration's (FHWA) financial assistance that will be expended on United States Department of Transportation (DOT)–assisted contracts.

Dollar Amount of FHWA Goal

The amount of FHWA-assisted contracts UDOT expects to let during FY2008 is approximately **\$324,831,954**.

A modified overall DBE goal of **8.0%** will be established on FHWA assisted contracts resulting in an expected DBE participation of **\$25,986,556**. (**\$324,831,954 x 8.0%**).

Data Sources

Work Classifications:

Forty three (43) work classifications have been determined for DBE goal setting and potential DBE participation by UDOT from the bid items of the contracts, by the types of equipment needed to perform the work classifications, and the natural divisions in the contractors and/or subcontractors that perform the work classifications. A subcontractor work classification unit is defined as one contractor being listed in one subcontractor work classification. For example, a contractor who performs work in two (2) work classifications yields two (2) work classification units.

UDOT has used three (3) data sources for the 2008 DBE goal setting:

1. UDOT's Bidders List

Population (Prime bidders and quoting subcontractors): The population that has been used to develop the *Bidders List* consists of prime bidders and quoting subcontractors bidding on UDOT federally assisted projects from October 1, 2005 – September 30, 2006. The *Bidders List* includes Utah residence firms, out of state firms, and DBEs firms who were **successful and unsuccessful**. UDOT has determined that all firms on the *Bidders List* are *ready willing and able* to perform in the work classifications. **Work classifications** were identified on each firm bidding/quoting.

[See Appendix A – Relative Availability of DBE Firms](#)

2. UDOT's Project Development Business System (PDBS)

PDBS is an integrated computer system that was initially implemented during FY2000. The system includes construction project information for a part of 1997, and forward to today's current projects. This goal setting process uses the most current information for 2004, 2005 and 2006. PDBS identifies information about contracts and subcontracts that have been awarded, bidding participation by prime contractors and subcontractors, and dollar amounts paid on project items. The use of PDBS information insures a more accurate representation for UDOT's DBE goal setting process.

UDOT's 2006 Expenditures for Federal aid projects

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Enhancements to PDBS implemented in 2004 allow the automation of the process to determine expenditures on federal aid projects within the defined work classifications. The dollar amounts paid on the individual project items in Federal Fiscal year 2006 have been accumulated into the work classifications. The accumulated dollar amounts are then used to calculate the percent of work available in each of the 43 work classifications.

3. UDOT's 2004 and 2005 Expenditures for Federal aid projects

Percentages of work available for 2004 and 2005, as previously submitted to FHWA in the 'Proposed DBE Goal Setting Calculations for FY 2007', and the 2006 percentage of work available, calculated as outlined above, were used in the calculation of the three-year average percent of work available for each of the 43 work classifications.

[See Appendix B – Actual Federal Amount Paid by Work Classification](#)

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METHODOLOGY

Step One – Base Figure

Example 2 was used [see 49 CFR 26.45(c)] which states: *Use a bidders list. Determine the number of DBEs that have bid or quoted on your DOT-assisted prime contracts or subcontracts in the previous year. Determine the number of all businesses that have bid or quoted on prime or subcontracts in the same time period. Divide the number of DBE bidders and quoters by the number for all businesses to derive a base figure for the relative availability of DBEs in your market).*

From the Bidders List, a Base Figure was determined by dividing the number of DBEs bidding/quoting by the number of all businesses bidding/quoting. This base figure is simply the absolute raw data submitted by Contractors with their bids. Additional steps are taken to define the accuracy of this base figure and are explained below. Once the review, analysis, and weighted calculations are completed, an accurate Step One Base Figure is determined for the DBE Goal Setting Process.

411 firms were identified from the bidders list in 43 selected work classifications. Out of the **411** firms on the bidders list, **56** were identified as **DBE** firms. This is the raw data from the Bidder's List as submitted with bids.

Relative Availability of DBE firms is calculated to be **13.6 %**. ($56/411 = 13.6\%$) If everything were equal, DBE's would acquire **13.6%** of the work.

Step One – Weighted Calculations

Relative Availability Calculations
Work Classification Calculations
Relative Federal Dollar Amount Spent per Work Classification per year

Relative Availability Calculations:

From the Bidders List, it was determined that the DBE firms identified as bidding yield **282** contractor work classification units. The **411** total firms yield **1,893** contractor work classification units. (For example, a contractor who performs work in one work classification would yield 1 work classification unit. Work performed in two (2) work classifications yields two (2) work classification units). Again, this is the raw data as submitted by the Contractor at bid submission, which is collected by the Project Development Business System (PDBS). The information below identifies an average of the number of classifications contractors bid work in.

282 = Total number of DBE bids.

On average, DBEs bid work in approximately 5.0 work classifications

1,611 = Total number of non-DBE bids.

On average, Non-DBE's bid work in approximately 5.3 work classifications

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Work Classification Calculations:

The Relative Availability of DBE Firms (Appendix A) is a summary of construction-related work classifications in which it is anticipated that DBEs may perform. Firms that bid as primes or quoted as subcontractors in more than one work classification are counted in multiple work classifications. A review of the raw data which entails scrutinizing each classification and referring to each project and bid items to validate the contractors have been classified in the correct work classification is accomplished. This step is based on confirming the work classification and the work the company is certified or licensed to perform match. There may be instances where a company is reclassified into a work classification where they have already been counted. This results in a decrease of the number of firms in either the DBE column or Non-DBE column as represented in Appendix A.

See [Appendix A – Relative Availability of DBE Firms](#)

DBE contractors may perform only a portion of the work in the following classifications: Demolition, Equipment Rental, Excavation, Fencing, Landscaping, Miscellaneous, Painting, Paving/Rotomilling, Pipe Culverts, Sawing & Sealing, Signs, Steel, Suppliers, Surveying, and Traffic Control. Consequently, the dollar amounts are so small and/or difficult to determine, and the potential for DBE subcontractor or supplier participation is so remote, that the percentage and subsequent calculations become insignificant.

Relative Federal Dollar Amount Spent per Work Classification per Year

The amount of federal funds spent was calculated in each of the work classifications as a percentage of the total amount paid in all classifications with payment dates in Federal Fiscal Year 2006. This information was used as the statistical base for determining the 2006 relative dollar amount expended in each work classification. The three-year average for each work classification was determined by using the 2004 and 2005 from UDOT's previously submitted FY2007 proposal and the 2006 amount calculated as previously stated.

See [Appendix B - Actual Federal Amount Paid per Work Classification](#)

Current Capacity - Capacity for DBEs to perform per work classification

UDOT has calculated the percentage of the firms ready, willing and able to compete for and perform the work in the individual work classifications. UDOT has calculated the percent of funds expended in each of the work classifications. Using the calculations, UDOT has calculated a weighted, relative availability of DBE's in various work classifications, giving more weight to the work classifications in which more money is spent. The Capacity is calculated by multiplying the percent of relative availability of DBE contractors by the relative amount spent in each work classification. The results of the calculations are summarized in [Appendix C - Current Capacity for DBE Performance](#).

As a result of the review of the raw data and applying weighted calculations the Step One Base Figure is represented on the last line of Appendix C and is determined to be 7.27%.

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Step Two – Adjustments

(Adjusts the base figure so that the final overall goal represents the amount of DBE participation expected in the absence of discrimination or its effects.)

Averaging Historical Capacity (what DBE's have done in the past) and Current Data (Calculated Current Capacity)

The DBE participation for the past three years is as follows:

2006: 8.47%, 2005: 8.9% and 2004: 8.9%

DBE 2008 Overall Goal = 8.0 % calculated as follows:

The DBE Current Capacity to perform work is 7.27%

The average of the past three-year participation is 8.75%

$(7.27 + 8.75)/2 = 8.01\%$

Based on all of the above information, UDOT's DBE goal for the 2008 Federal Fiscal year is 8.0%.

DBE Race Conscious – Race Neutral Participation:

3.8% Race Conscious:

UDOT has established a DBE goal for **Race Conscious** participation of **3.8%**

(8.0% overall goal – 4.2% race neutral = 3.8%)

4.2% Race Neutral:

Race Neutral participation for the past three years is as follows:

2006: 5.4%, 2005: 2.7%, 2003: 4.5%.

The average Race Neutral DBE participation for the past 3 years is **4.2%**. It is estimated that Race Neutral subcontract participation during FY2007 will be approximately **4.2%**. The average Race Neutral DBE participation over a three-year period was used to calculate the percentage versus a median. In 2005 the Race Neutral participation resulted in a lower than anticipated percentage. The program successfully graduated four major DBE's from the program. These four DBE's consistently performed a substantial amount of work on projects on a race conscious but more importantly, on a race neutral basis. This impacted the participation during this fiscal year as the DBE's graduated during the construction season. Since their graduation we have aggressively recruited additional DBE's to replace the void in those work classifications and have seen a steady increase of Contractors utilizing DBE's on a Race Neutral basis. Currently, the Race Neutral participation to date for FY07 is at approximately 92.0%. This is an unusual scenario as we had a project that was bid in 2002 and work was completed in 2005. However, the project was not closed and credited to the bi-annual report until April of 2007. The contractor did a great job of utilizing DBE's on this project by meeting the DBE commitment goal of 2.02% or \$1,373,282.66 and also awarded and paid Race Neutral DBE's a total of \$21,578,907.06 on a \$87 million dollar project. If this unusual participation amount were taken out of the bi-annual report a quick calculation indicates that we are currently at 13.07% participation for Race Neutral.

UDOT and Metropolitan Planning Organizations

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MPO's and local governments receive FHWA funds for consultant contracts and construction contracts. Local government contracts are administered directly by UDOT and fall under UDOT's goal setting processes, bidding, and project administration procedures; therefore, the MPO's and local governments become subject to UDOT's DBE goal of 8.0%.

Comment Period

UDOT proposed a DBE Goal of 8.0%. The proposed DBE goal was advertised for a 45-day comment period beginning July 27, 2006. The comment period will end September 10, 2007. Public information will be advertised utilizing the following resources: Notification to all Utah newspapers throughout the state, as well as consultation with the Associated General Contractors Association, DBE Contractors, women and minority Contractors, and minority community organizations.

Comments

All written comments will be considered in the goal setting process and based on any comments received adjustments or revisions will be taken under advisement and forwarded to the FHWA.

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APPENDIX A - RELATIVE AVAILABILITY OF DBE FIRMS

UDOT DBE GOAL SETTING
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			Work Classification Units	
	Work Classification	DBE's	All Firms	DBE %
1.	Building - Construction	1	1	100.0000
2.	Building - Demolition	0	0	.0000
3.	Building - Painting	0	0	.0000
4.	Concrete - Curb, Gutter, Flatwork, Inlet Boxes, Etc.	8	55	14.5455
5.	Concrete - Structural	8	49	16.3265
6.	Construction - Miscellaneous & Incidental	10	64	15.6250
7.	Construction - Project Management/Quality Control	2	105	1.9048
8.	Consulting Services - Management	1	0	.0000
9.	Consulting Services - Construction	1	0	.0000
10.	Demolition	11	60	18.3333
11.	Electrical - Lighting, Traffic Signals, Fiber Optics	3	24	12.5000
12.	Excavation	8	48	16.6667
13.	Fencing	6	38	15.7895
14.	General Contractor - Building (B100 License)	0	0	.0000
15.	General Contractor - Engineering (E100 License)	0	0	.0000
16.	Grading	4	33	12.1212
17.	Guardrail/Cable Guardrail	6	40	15.0000
18.	Intelligent Transportation Systems (ITS)	0	0	.0000
19.	Landscaping & Erosion Control	11	57	19.2982
20.	Mechanical	0	0	.0000
21.	Painting - Highway Striping & Painted Messages	3	33	9.0909
22.	Painting - Highway Structures	0	0	.0000
23.	Paving - Asphalt, Large Quantity/Hi Tech, Highway, Runway, Etc.	3	45	6.6667
24.	Paving - Concrete	1	26	3.8462
25.	Paving - Miscellaneous	4	28	14.2857
26.	Paving - Rotomilling	4	23	17.3913
27.	Pipe Culverts, Drainage, Sewer & Water	9	77	11.6883
28.	Planning - Transportation	0	0	.0000
29.	Reconstruction	5	26	19.2308
30.	Rental & Sales - Equipment	0	0	.0000
31.	Repair - Transportation Vehicle & Equipment	0	0	.0000
32.	Sawing & Sealing	0	0	.0000
33.	Services - Engineering	1	0	.0000
34.	Services - Environmental	1	10	10.0000
35.	Signal System Design	0	0	.0000
36.	Signs - Permanent Signs	6	23	26.0870
37.	Signs - Temporary Signs & Devices	3	19	15.7895
38.	Steel - Reinforcing	0	0	.0000
39.	Steel - Structural	1	6	16.6667
40.	Suppliers: Mfg-100% Toward DBE Goal-See Appendix A. Sect S.	4	67	5.9701
41.	Surveying	1	40	2.5000
42.	Traffic Control - Flagging/Airport Gate Guard	8	76	10.5263
43.	Trucking (hauling)	10	241	4.1494
	Totals:	144	1314	10.9589

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APPENDIX B – ACTUAL FEDERAL AMOUNT PAID by WORK CLASSIFICATION

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		2004	2005	2006	
		Federal	Federal	Federal	Three Year
		Projects	Projects	Projects	Average
		Relative	Relative	Relative	Relative
		\$ Spent	\$ Spent	\$ Spent	\$ Spent
	Work Classification Description	%	%	%	%
1.	Building - Construction	0.3214	0.0136	0.2664	0.2005
2.	Building - Demolition	0.2609	0.3109	***	0.2859
3.	Building - Painting	***	***	0.0192	***
4.	Concrete - Curb, Gutter, Flatwork, Inlet Boxes, Etc.	2.9582	1.5381	2.1600	2.2188
5.	Concrete - Structural	5.7908	6.9142	9.0116	7.2389
6.	Construction - Miscellaneous & Incidental	7.8235	3.0392	3.4412	4.7680
7.	Construction - Project Management/Quality Control	9.5577	9.7863	7.0708	8.8049
8.	Consulting Services - Management	-0.0034	0.0453	***	***
9.	Consulting Services - Construction	***	0.0283	***	0.0283
10.	Demolition	0.5926	0.3771	0.6056	0.5251
11.	Electrical - Lighting, Traffic Signals, Fiber Optics	1.4555	1.2461	1.9653	1.5556
12.	Excavation	2.1436	3.0843	7.2374	4.1551
13.	Fencing	0.7960	0.3842	0.4383	0.5395
14.	General Contractor - Building (B100 License)	***	***	***	***
15.	General Contractor - Engineering (E100 License)	***	***	***	***
16.	Grading	2.8858	1.6342	1.5511	2.0237
17.	Guardrail/Cable Guardrail	1.6839	1.7692	1.6377	1.6969
18.	Intelligent Transportation Systems (ITS)	***	0.0486	***	***
19.	Landscaping & Erosion Control	1.9148	2.5938	3.6748	2.7278
20.	Mechanical	***	***	***	***
21.	Painting - Highway Striping & Painted Messages	2.5408	2.4518	1.7658	2.2528
22.	Painting - Highway Structures	0.2653	0.7798	0.8328	0.6260
23.	Paving - Asphalt, Large Quantity/Hi Tech, Highway, Runway, Etc.	32.5786	31.7164	27.1773	30.4908
24.	Paving - Concrete	1.1820	3.1548	3.7697	2.7022
25.	Paving - Miscellaneous	2.9318	4.2758	3.5504	3.5860
26.	Paving - Rotomilling	2.6834	2.4341	2.0657	2.3944
27.	Pipe Culverts, Drainage, Sewer & Water	9.7646	4.4870	5.2327	6.4948
28.	Planning - Transportation	***	***	***	***
29.	Reconstruction	0.7512	0.1702	0.4984	0.4733
30.	Rental & Sales - Equipment	-0.0900	***	***	-0.0900
31.	Repair - Transportation Vehicle & Equipment	***	***	***	***
32.	Sawing & Sealing	0.1058	0.0399	0.1665	0.1041
33.	Services - Engineering	***	0.1727	***	0.1727
34.	Services - Environmental	0.0266	0.0560	0.0863	0.0563
35.	Signal System Design	***	0.0063	***	***
36.	Signs - Permanent Signs	0.4596	0.4033	0.3207	0.3945
37.	Signs - Temporary Signs & Devices	0.5380	0.2547	0.0245	0.2724
38.	Steel - Reinforcing	1.4929	5.4230	1.8467	2.9209
39.	Steel - Structural	1.3996	2.9526	1.3996	1.9173
40.	Suppliers: Mfg-100% Toward DBE Goal-See Appendix A. Sect S.	0.1498	0.0819	0.0411	0.0909
41.	Surveying	0.1745	0.2492	0.5546	0.3261
42.	Traffic Control - Flagging/Airport Gate Guard	1.5178	2.4397	4.2186	2.7254
43.	Trucking (hauling)	3.3467	5.6376	7.3695	5.4513
		100.0003	100.0002	100.0003	100.1309

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APPENDIX C – CURRENT CAPACITY for DBE PERFORMANCE

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				Normalized	
		DBE	Average	Average	DBE
		Relative	Federal	Federal	Weighted
		Availability	Project	Project	Relative
		from 2006	Amount	Amount	Current Capacity
		Bidders List	Paid	Paid	To Perform
	Work Classification Description	%	%	%	%
1.	Building - Construction	***	.2005	.2002	***
2.	Building - Demolition	***	.2859	.2855	***
3.	Building - Painting	***	***	***	***
4.	Concrete - Curb, Gutter, Flatwork, Inlet Boxes, Etc.	14.5455	2.2188	2.2159	.3223
5.	Concrete - Structural	16.3265	7.2389	7.2294	1.1803
6.	Construction - Miscellaneous & Incidental	15.6250	4.768	4.7617	.7440
7.	Construction - Project Management/Quality Control	1.9048	8.8049	8.7934	.1675
8.	Consulting Services - Management	***	***	***	***
9.	Consulting Services - Construction	***	.0283	.0283	***
10.	Demolition	18.3333	.5251	.5244	.0961
11.	Electrical - Lighting, Traffic Signals, Fiber Optics	12.5000	1.5556	1.5536	.1942
12.	Excavation	16.6667	4.1551	4.1497	.6916
13.	Fencing	15.7895	.5395	.5388	.0851
14.	General Contractor - Building (B100 License)	***	***	***	***
15.	General Contractor - Engineering (E100 License)	***	***	***	***
16.	Grading	12.1212	2.0237	2.0211	.2450
17.	Guardrail/Cable Guardrail	15.0000	1.6969	1.6947	.2542
18.	Intelligent Transportation Systems (ITS)	***	***	***	***
19.	Landscaping & Erosion Control	19.2982	2.7278	2.7242	.5257
20.	Mechanical	***	***	***	***
21.	Painting - Highway Striping & Painted Messages	9.0909	2.2528	2.2499	.2045
22.	Painting - Highway Structures	***	.626	.6251	***
23.	Paving - Asphalt, Large Quantity/Hi Tech, Highway, Runway, Etc.	***	30.4908	30.4509	***
24.	Paving - Concrete	3.8462	2.7022	2.6986	.1038
25.	Paving - Miscellaneous	14.2857	3.586	3.5813	.5116
26.	Paving - Rotomilling	17.3913	2.3944	2.3913	.4159
27.	Pipe Culverts, Drainage, Sewer & Water	11.6883	6.4948	6.4863	.7581
28.	Planning - Transportation	***	***	***	***
29.	Reconstruction	19.2308	.4733	.4726	.0909
30.	Rental & Sales - Equipment	***	-.09	-.0899	***
31.	Repair - Transportation Vehicle & Equipment	***	***	***	***
32.	Sawing & Sealing	0.0000	.1041	.1039	.0000
33.	Services - Engineering	***	.1727	.1725	***
34.	Services - Environmental	10.0000	.0563	.0562	.0056
35.	Signal System Design	***	***	***	***
36.	Signs - Permanent Signs	26.0870	.3945	.3940	.1028
37.	Signs - Temporary Signs & Devices	15.7895	.2724	.2720	.0430
38.	Steel - Reinforcing	0.0000	2.9209	2.9170	.0000
39.	Steel - Structural	***	1.9173	1.9148	***
40.	Suppliers: Mfg-100% Toward DBE Goal-See Appendix A. Sect S.	5.9701	.0909	.0908	.0054
41.	Surveying	2.5000	.3261	.3257	.0081
42.	Traffic Control - Flagging/Airport Gate Guard	10.5263	2.7254	2.7218	.2865
43.	Trucking (hauling)	4.1494	5.4513	5.4441	.2259
		10.9589	100.1309	100.0000	7.2682